

## Message Text

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ACTION EA-10

INFO OCT-01 ISO-00 CIAE-00 PM-03 H-01 INR-05 L-02 NSAE-00

NSC-05 PA-01 RSC-01 PRS-01 SP-02 SS-15 USIA-06 AID-05

EB-07 COME-00 FRB-01 TRSE-00 XMB-02 OPIC-03 CIEP-01

LAB-04 SIL-01 OMB-01 AGR-05 /083 W

----- 106807

R 061059Z DEC 74

FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 8916

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E.O. 11652: N/A

TAGS: ECON, PGOV, TH

SUBJECT: MINISTER OF FINANCE GIVES ROSY VIEW OF ECONOMY

REF: A. BANGKOK A-301

B. BANGKOK 18241

C. BANGKOK 18462

1. ON DECEMBER 3 BANGKOK PAPERS CARRIED A DEFENSE OF HIS STEWARDSHIP BY MINISTER OF FINANCE SOMMAI HUNTRAKUN. AMONG OTHER ACCOMPLISHMENTS, SOMMAI POINTED TO THE BUDGETARY SURPLUS OF 12 BILLION BAHT (ALMOST \$600 MILLION) RECORDED IN THE FISCAL YEAR ENDED SEPTEMBER 30. HE ALSO QUOTED A WORLD BANK ESTIMATE THAT THE THAI ECONOMY WOULD GROW SEVEN PERCENT IN 1974. SOMMAI'S SELF CONGRATULATIONS WERE PUBLISHED STRAIGHT IN THE LOCAL PRESS.

2. THE EMBASSY DOES NOT SHARE SOMMAI'S VIEW THAT THE BUDGETARY SURPLUS IS ANYTHING THAT CALLS FOR POINTING WITH PRIDE. THE SURPLUS WAS RECORDED BECAUSE OF HIGHER THAN ANTICIPATED CUSTOMS AND EXPORT TAXES AND A SPENDING DECLINE WHICH FEATURED THE COLLAPSE OF THE GOVERNMENT'S CONSTRUCTION PROGRAM. (SEE REFAIR). THE SURPLUS REFLECTS NO CREDIT ON

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THE GOVERNMENT AND HAD LITTLE EFFECT ON INFLATION, BUT

DID CONTRIBUTE TO A SLOWDOWN IN THAI BUSINESS. NO ONE WHO HAS FOLLOWED THE THAI ECONOMY DURING THE PAST YEAR COULD TAKE SERIOUSLY SOMMAI'S ATTEMPT TO TURN MISMANAGEMENT INTO CREATIVE ACCOMPLISHMENT.

3. EMBASSY IS SURPRISED THAT HE QUOTED THE WORLD BANK ESTIMATE OF A SEVEN PERCENT GROWTH RATE IN 1974. THIS ESTIMATE IS OUTDATED AND WRONG. INTERNAL ESTIMATES OF THE THAI GOVERNMENT ARE THAT THE RATE OF GROWTH WILL BE LESS THAN FOUR PERCENT WITH THE INDUSTRIAL SECTOR TURNING IN ITS POOREST PERFORMANCE IN THE PAST DECADE IN TERMS OF YEAR TO YEAR CHANGE. GOOD AGRICULTURAL PRODUCTION AND FAVORABLE INTERNATIONAL PRICES HAVE ENABLED THAILAND TO COME THROUGH 1974 IN REASONABLY GOOD SHAPE.

4. SOMMAI HAS BEEN UNDER FIRE FOR THE TRANSFER OF A HIGHLY REGARDED CIVIL SERVANT IN HIS MINISTRY (REFTELS) AND HIS ATTEMPT TO PAINT A ROSY PICTURE OF HIS ACCOMPLISHMENTS MAY BE CONNECTED WITH HIS GENERAL DEFENSE OF HIS POSITION. HE MAY ALSO HAVE AMBITIONS FOR A PLACE IN THE NEXT GOVERNMENT IF HE CAN RIDE OUT THE PRESENT STORM.

MASTERS

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## Message Attributes

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